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General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-271158

March 27, 1996

The Honorable Bill Emerson
Chairman
The Honorable Gary A. Condit
Ranking Minority Member
Subcommittee on Department Operations,
Nutrition, and Foreign Agriculture
Committee on Agriculture
House of Representatives

In September 1993, the Vice President's National Performance Review called for the rapid development of a nationwide system to deliver all government benefits, such as food stamps, Social Security payments, and Aid to Families With Dependent Children, electronically. In response, the federal Electronic Benefits Transfer (EBT) Task Force was chartered in November 1993 to oversee implementation of a nationwide EBT system. Under an EBT system, each eligible beneficiary receives a plastic card that can be used to draw cash benefits from such devices as automatic teller machines and/or to access such noncash benefits as food stamps at grocery store checkouts. While the preferred method of delivering cash benefits is through electronic direct deposit to recipients' bank accounts, an EBT system allows benefits to be delivered electronically to recipients who do not have bank accounts (called "unbanked" recipients).

Four agencies participate in the Task Force: the U.S. Department of Agriculture's Food and Consumer Service, the Department of the Treasury's Financial Management Service, the Department of Health and Human Services, and the Social Security Administration. Each of these agencies has benefit programs that would be delivered at least in part through the EBT system that the Task Force is required to develop. The Office of Management and Budget also participates as overall coordinator.

This report responds to your September 28, 1995, request for information on the sources and uses of funds by the federal EBT Task Force since its inception. In particular, you asked us to describe (1) the funds and/or resources that were made available to the Task Force and where they originated, (2) the Task Force's use of these funds, (3) the Task Force's use of contracts to accomplish its objectives, and (4) the ongoing, independent EBT activities of the participating federal agencies. In addition, as you requested, we are providing information on specific issues relating to the Task Force's expenditures, its staff, and the scope of participation in a national EBT conference.

In summary, we found the following:

Funding and/or Resources Provided to the EBT Task Force

In fiscal years 1994 and 1995, the four participating agencies provided a total of \$8.1 million in financial support to the Task Force in three forms: (1) direct payments to the Task Force, (2) in-kind contributions of office space and other administrative services and/or direct payment of contract costs for which the Task Force was the primary beneficiary, and (3) salaries and benefits paid to agency personnel who are detailed to the Task Force.

Table 1 shows details of the \$8.1 million provided to the Task Force in fiscal years 1994 and 1995. The Food and Consumer Service was the single largest contributor.

Table 1: Support Provided to the EBT Task Force, Fiscal Years 1994-95

Agency	Fiscal year 1994	Fiscal year 1995	Total
Food and Consumer Service	\$ 623,796	\$3,000,000	\$3,623,796
Financial Management Service	928,870	1,093,828	2,022,698
Department of Health and Human Services	117,832	346,207	464,039
Social Security Administration	31,408	2,002,611	2,034,019
Total	\$1,701,906	\$6,442,646	\$8,144,552

The Food and Consumer Service intends to provide \$2 million to the Task Force in fiscal year 1996, and the Financial Management Service is planning to provide \$250,000, in addition to paying for the salaries and benefits of staff detailed to the Task Force. However, these decisions on direct financial support have not yet been formalized through a memorandum of understanding. The Department of Health and Human Services and the Social Security Administration have not received their complete fiscal year 1996 appropriations. As of the date of this report, both agencies are operating under continuing resolutions that contain limitations on their ability to commit funding. Until the regular fiscal year 1996 appropriations are enacted, the Department of Health and Human Services and the Social Security Administration believe they are precluded from providing any funding to the Task Force except for the salaries and benefits of employees detailed to the Task Force in fiscal year 1996.

EBT Task Force's Use of Funds

The EBT Task Force used its resources to pay for three major categories of expenses: (1) the salaries and benefits of its employees; (2) administrative expenses, including travel costs and small purchases; and (3) contract support. The Task Force expended resources valued at \$1,690,240 in fiscal year 1994 and \$6,119,587 in fiscal year 1995, mostly for contract support. Table 2 shows expenditures in these categories for fiscal years 1994 and 1995.

Table 2: EBT Task Force Expenditures, Fiscal Years 1994-95

Category	Fiscal year 1994	Fiscal year 1995	Total
Salaries and benefits	\$ 475,953	\$ 958,805	\$1,434,758
Small purchases and administrative expenses	208,847	375,532	584,379
Contracts and grant	1,005,440	4,785,250	5,790,690
Subtotal	\$1,690,240	\$6,119,587	\$7,809,827
Unobligated	11,666	323,059	334,725
Total	\$1,701,906	\$6,442,646	\$8,144,552

EBT Task Force's Use of Contracts to Accomplish Objectives

The EBT Task Force has relied extensively on contractors to provide technical assistance in carrying out its objectives. In its first 2 years of operation, the Task Force expended funds of nearly \$5.8 million for one contract, seven task orders, and one grant. This amount also includes three task orders established by the Financial Management Service to fulfill its responsibilities directly related to the Task Force's mission, as required by an April 1994 memorandum of understanding. These expenditures have assisted in the Task Force's mission of leading the development and implementation by 1999 of an integrated, nationwide EBT payments system that provides recipients with access to all their government benefits. The contractual efforts have helped the Task Force accomplish specific objectives that include developing (1) an initial strategy to establish a nationwide EBT system, (2) the requirements for a prototype EBT system that is now being considered for implementation in seven southern states, and (3) the requirements for an EBT prototype system that will be offered to all states. The Task Force used the grant to provide technical assistance to states that are setting up their own single-state or regional EBT systems and to explore new technologies for delivering benefits through EBT.

EBT Activities of Participating Federal Agencies

Each of the agencies that participates in the Task Force has been conducting EBT activities that predate the creation of the Task Force. While the Task Force will address the agencies' common goal of creating an architecture to integrate and deploy EBT activities nationally, each agency continues to conduct activities to promote and/or establish the electronic transfer of its benefit payments, which are provided directly or through the states. For the Food and Consumer Service, this means assisting states in establishing EBT systems to deliver food stamp benefits. In addition, the Department of Health and Human Services continues to review the state grant applications required for the automated delivery of Aid to Families With Dependent Children and other benefits. Furthermore, the Financial Management Service is working to convert all direct federal benefit payments to electronic delivery, whether or

B-271158

not recipients have bank accounts.¹ Finally, the Social Security Administration is working toward having all its recipients accept the electronic transfer of benefit payments.

SCOPE AND METHODOLOGY

To prepare this report, we interviewed officials from the EBT Task Force's executive staff, the Food and Consumer Service, the Financial Management Service, the Administration for Children and Families, and the Social Security Administration. We collected and analyzed documents on the Task Force's objectives, fund transfers to and from its accounts, contract statements of work, and other documents relating to its expenditures. As agreed, this report presents only factual information on these issues. We did not evaluate whether the Task Force's expenditures were proper, efficient, or effective. Our work was performed from October 1995 through March 1996 in accordance with generally accepted government audit standards.

AGENCY COMMENTS

We provided copies of a draft of this report to (1) the Acting Director, EBT Task Force; (2) the Administrator, Food and Consumer Service; (3) the Commissioner, Financial Management Service; (4) the Associate Commissioner for Financial Policy and Operations, Social Security Administration; and (5) the Assistant Secretary for the Administration for Children and Families, Department of Health and Human Services. These officials agreed with the report's information as it pertained to their agencies. The Acting Director of the EBT Task Force said that the report accurately presents information, background, and facts concerning the Task Force. Each agency also provided several technical clarifications that we have incorporated into the report where appropriate.

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Enclosure I presents information on the sources of funding and/or resources for the EBT Task Force. Enclosure II provides information on how these funds and/or resources were spent and the disposition of unobligated funds.

¹Direct federal benefits are those that are disbursed directly from the federal treasury to the recipient. This contrasts with state-administered benefits, such as food stamps and Aid to Families With Dependent Children, which are distributed to recipients through the states.

B-271158

Enclosure III describes the Task Force's contracts and grant. Enclosure IV describes the EBT efforts of the participating agencies. In addition, as you requested, enclosure V provides related information on (1) the task order contracts the Task Force used for many of its contract efforts, (2) the employees detailed to the Task Force and their home agencies, (3) the small purchases and administrative expenses incurred by the Task Force, and (4) the participants in an August 1994 national EBT conference.

As arranged with your offices, we are sending copies of this report to the appropriate Senate and House Committees; interested Members of Congress; the Secretaries of Agriculture, Treasury, and Health and Human Services; the Administrator of the Social Security Administration; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Please contact me at (202) 512-5138 if you or your staff have any questions.

A handwritten signature in black ink, appearing to read "Robert A. Robinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Robinson
Director, Food and
Agriculture Issues

Enclosures - 5

SOURCES OF FUNDING AND/OR RESOURCES PROVIDED
TO THE EBT TASK FORCE

For fiscal years 1994 and 1995, the EBT Task Force received funding and/or resources valued at \$8.1 million from the U.S. Department of Agriculture's Food and Consumer Service (FCS), the Department of Health and Human Services (HHS), the Department of the Treasury's Financial Management Service (FMS), and the Social Security Administration (SSA). These resources were provided in the form of (1) direct payments to the Task Force, (2) in-kind contributions of office space and other administrative services and/or direct payment of contract costs for which the Task Force was the primary beneficiary, and (3) salaries and benefits paid to agency personnel who are detailed to work for the Task Force. Decisions on fiscal year 1996 contributions have not yet been formalized in a memorandum of understanding. However, FCS and FMS officials said that their agencies intend to provide \$2 million and \$250,000, respectively. As of the date of this report, HHS and SSA are operating under continuing resolutions that contain limitations on their ability to commit funding. Until the regular fiscal year 1996 appropriations are enacted, both agencies believe they are precluded from providing any funding to the Task Force except for salaries and benefits of employees detailed to the Task Force in fiscal year 1996. Table I.1 shows the \$8.1 million provided to the Task Force in fiscal years 1994 and 1995 according to the three types of resources that were contributed.

Table I.1: Resources Provided to the EBT Task Force by Participating Agencies, Fiscal Years 1994-95

Agency	Fiscal year 1994	Fiscal year 1995	Total
FCS			
Direct payments	\$ 300,000	\$2,801,188	\$3,101,188
In-kind contributions	323,796	198,812	522,608
Salaries and benefits	^a	^a	^a
Subtotal USDA	\$ 623,796	\$3,000,000	\$3,623,796
FMS			
Direct payments	475,000	0	475,000
In-kind contributions	420,276	899,640	1,319,916
Salaries and benefits	33,594	194,188	227,782
Subtotal FMS	\$ 928,870	\$1,093,828	\$2,022,698
HHS			
Direct payments	0	0	0
In-kind contributions	0	0	0
Salaries and benefits	117,832	346,207	464,039
Subtotal HHS	\$ 117,832	\$ 346,207	\$ 464,039
SSA			
Direct payments	0	1,917,000	1,917,000
In-kind contributions	0	0	0
Salaries and benefits	31,408	85,611	117,019
Subtotal SSA	\$31,408	\$2,002,611	\$2,034,019
Total	\$1,701,906	\$6,442,646	\$8,144,552

^aThe Task Force paid salaries and benefits for FCS employees detailed to the Task Force (\$293,119 and \$332,799 in fiscal years 1994 and 1995, respectively) from funds received directly from the supporting agencies. To avoid double counting, we have not included these amounts as a separate contribution in the table.

The participating agencies generally took the funds they used to support the Task Force from funds that are used for their internal EBT activities. Specifically, FCS contributed to the Task Force using funds from its Food Stamp Program that are used for EBT efforts. In each of fiscal years 1994 and 1995, EBT funding for food stamps totaled \$10.6 million. In fiscal year 1996, \$6.6 million has been budgeted for food stamp EBT efforts; \$2 million of this will be provided to the Task Force. The salaries and benefits of FCS employees detailed to the Task Force are paid out of Task Force funds.

FMS has a special fund designated for EBT initiatives in the Payments Modernization Division in its Cash Management Directorate. The fund contained \$1.10 million in fiscal year 1994 and \$1.09 million in fiscal year 1995. In fiscal year 1994, FMS provided \$475,000 in a direct payment to the Task Force from its EBT initiatives fund. It also used \$199,640 from this fund and \$700,000 that had been reallocated from another FMS program to award a contract for the Task Force in fiscal year 1995. Salaries and benefits for the FMS employees detailed to the Task Force were paid by the employees' home units without reimbursement from the EBT initiatives fund or from the Task Force. In fiscal year 1996, FMS intends to provide \$250,000 from its EBT initiatives fund as well as to continue staff support in the same manner as in past years.

HHS provided staff, but not funding, in fiscal years 1994 and 1995. In fiscal year 1994, HHS agreed to provide only staff support to the Task Force. In fiscal year 1995, HHS initially agreed to provide both staff and funding resources of \$1 million but was able to provide only staff support. HHS had to absorb a large budget cut during the fiscal year; consequently, additional funds were not available to support the Task Force. According to HHS, the President's budget for fiscal year 1996 included \$2 million for the Task Force in the HHS appropriation. However, HHS believes that the continuing resolution in effect as of the date of this report precludes it from providing any funding to the Task Force except for salaries and benefits of employees detailed to the Task Force in fiscal year 1996. Salaries and benefits for HHS employees detailed to the Task Force are paid by their home units.

SSA provided only staff resources, valued at about \$31,000, to the Task Force in fiscal year 1994. However, in fiscal year 1995, it contributed a direct payment of \$1.9 million and one staff member, for a total contribution of just over \$2 million. These funds were taken from the \$6 billion appropriation for administrative expenses associated with SSA's Old Age Survivors Insurance, Disability Insurance, and Supplemental Security Income programs. Some of the benefits from these programs would be delivered through a nationwide EBT system, once it is established. The salary and benefits paid to the single employee detailed to the Task Force also came from this appropriation. For fiscal year 1996, SSA has agreed to provide \$2 million to

ENCLOSURE I

ENCLOSURE I

the Task Force but no staff support. However, like HHS, SSA believes it is precluded from providing funding to the Task Force under the continuing resolution.

EBT TASK FORCE'S USE OF FUNDS AND/OR RESOURCES

The EBT Task Force used its funds and/or resources to pay for three categories of expenses: (1) salaries and benefits of Task Force employees; (2) administrative expenses, including travel and small purchases; and (3) contract support. The Task Force expended resources of \$1,690,240 in fiscal year 1994 and \$6,119,587 in fiscal year 1995, mostly for contract support. The amounts that remained unobligated at the end of fiscal years 1994 and 1995 were allowed to lapse, either because the amount was too small to return for reprogramming to other uses or because the fiscal year ended before attempts to obligate the funds succeeded. Table II.1 shows how the Task Force spent all funds in fiscal years 1994 and 1995.

Table II.1: EBT Task Force's Expenditures, Fiscal Years 1994-95

Type of expenditure	Fiscal year 1994	Fiscal year 1995	Total
Salaries and benefits for detailed employees			
FCS	\$ 293,119	\$ 332,799	\$ 625,918
FMS	33,594	194,188	227,782
HHS	117,832	346,207	464,039
SSA	31,408	85,611	117,019
Subtotal salaries and benefits	\$ 475,953	\$ 958,805	\$1,434,758
Small purchases and administrative expenses	\$ 208,847	\$ 375,532	\$ 584,379
Contracts and grant			
KPMG Peat Marwick - task order 5 ^a	237,123		237,123
KPMG Peat Marwick - task order 8	61,958		61,958
Price Waterhouse - task order FMSS-7	106,867		106,867
Phoenix Planning & Evaluation ^b	599,492		599,492
KPMG Peat Marwick - task order 10		111,830	111,830
KPMG Peat Marwick - task order 11		86,982	86,982
Price Waterhouse - task order FMSS-8		324,663	324,663
Price Waterhouse - task order FMSS-8		99,048	99,048

Type of expenditure	Fiscal year 1994	Fiscal year 1995	Total
Price Waterhouse - task order FMSS-9		749,709	749,709
Price Waterhouse - task order FMSS-24		765,290	765,290
Booz Allen & Hamilton - task order FMSS-17		428,312	428,312
Unisys		1,317,274	1,317,274
Unisys (other) ^c		2,142	2,142
Western Governors' Association grant		900,000	900,000
Subtotal contracts and grant	\$1,005,440	\$4,785,250	\$5,790,690
Unobligated	11,666	323,059	334,725
Total	\$1,701,906	\$6,442,646	\$8,144,552

Note: Three task orders awarded to KPMG Peat Marwick (5, 8, and 11) were administered and directed by FMS to accomplish its responsibilities that were outlined in an April 1994 memorandum of understanding. While the Task Force did not participate in the administration or management of these task orders, it used the products to help accomplish its mission. We have therefore included the task orders' funding as both a contribution to and expenditure of funds on behalf of the Task Force. See enc. III for a detailed discussion of each contract and task order awarded for the Task Force.

^aThe full amount obligated for this shared task order was \$319,143. The Task Force provided \$237,123 of the total with FCS providing the remainder.

^bInitially awarded in September 1993 for FMS, technical management of this contract was transferred to the Task Force in December 1993.

^cThe Task Force provided \$2,142 to Unisys to perform minimum background investigations on key personnel who would work on the contract.

A large portion of the funds available to the Task Force each year has been spent on contracts for technical support services. In many cases, the services were procured under task order contracts. As defined by the Federal Acquisition Regulation, a task order contract is one that does not specify a firm quantity of services and that provides for the award of orders for the performance of tasks during the period of the contract. These contracts are used to acquire services when the exact times and/or exact quantities of future deliveries are not known at the time of the contract award. The awarding agency initially selects a pool of eligible contractors. Tasks are later

defined, and any of these contractors may be selected to perform the work.¹ FCS and FMS each use these types of contracts in conducting their own financial management work. They have allowed the Task Force to establish task orders under these contracts because the needed work fell within the contracts' scope and because the work benefited the agencies' EBT efforts.

In addition to these expenditures, the Task Force had unobligated funds in each of its accounts at the end of fiscal years 1994 and 1995. These unobligated balances resulted either from slight variances between planned and actual expenditures or from expected costs that did not materialize. In all cases, the funding expired at the end of the fiscal year.

In fiscal year 1994, the Task Force left \$11,666 unobligated because of slight differences in actual funds spent from expected expenditures on small purchases and administrative expenses and on two support service contracts. In fiscal year 1995, the Task Force did not obligate \$323,059 of its available funding. This occurred because (1) FCS did not collect payment for the Task Force's use of FCS' office space--budgeted at \$102,000, (2) a contract expected to cost nearly \$1 million was awarded for \$765,290, and (3) small differences occurred between budgeted and actual expenditures for small purchases and administrative expenses.

As of February 1996, the Task Force had obligated funds only for salaries and benefits and for small purchases and administrative expenses, as shown in table II.2.

¹See enc. V for a detailed definition of task order contracts.

Table II.2: Fiscal Year 1996 Task Force Expenditures Through February 1996

Type of expenditure	Amount
Salaries and benefits for detailed employees	
FCS (as of 2/20/96)	\$ 98,992
FMS (as of 2/3/96)	53,555
HHS (as of 2/3/96)	122,276
Subtotal salaries and benefits	\$274,823
Small purchases and administrative expenses	\$ 23,867
Contracts	0
Total	\$298,690

THE EBT TASK FORCE'S USE OF CONTRACTS AND GRANT TO
ACCOMPLISH ITS OBJECTIVES

The EBT Task Force was chartered to develop policies and comprehensive implementation plans for EBT systems that incorporate the requirements of all direct federal and state-administered benefit programs. A May 1994 Task Force report entitled From Paper to Electronics: Creating a Benefit Delivery System That Works Better and Costs Less--An Implementation Plan for Nationwide EBT presents a strategy for implementing EBT nationwide by 1999¹ through the following five steps, which constitute the Task Force's objectives:

- (1) Establish partnerships with states to provide the structure for decisionmaking, operations, and management of nationwide EBT.
- (2) Develop the foundation for a uniform EBT operating environment, based on commercial standards.
- (3) Implement EBT through multistate prototype(s) and state initiatives.
- (4) Expand EBT services to all states by March 1999.
- (5) Enhance EBT services by examining new and developing technologies.

The Task Force has relied extensively on contractors to provide technical assistance in carrying out these objectives. The majority of the contracts have helped the Task Force develop the first prototype EBT system that will be implemented in a coalition of southern states known as the Southern Alliance of States (SAS).² The SAS worked with the Task Force and its participating agencies to create the specifications for the prototype EBT system starting in January 1994. In March 1995, this effort resulted in an Invitation for Expressions of Interest (IEI) to solicit a financial institution to deliver EBT services in each of the SAS states. In October

¹According to this report, the EBT Task Force is scheduled to "sunset," or be dissolved, in March 1999.

²The SAS was originally composed of nine states--Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee. Missouri joined the SAS in March 1994. However, Mississippi withdrew from the SAS to pursue an EBT system on its own, South Carolina did not participate in the IEI solicitation because it already had a statewide EBT system, and Florida has suspended its involvement in the SAS IEI. This leaves a total of seven states that are pursuing an EBT system under the SAS IEI.

1995, Citibank was selected as the service provider from the IEI offerers. On February 1, 1996, Missouri completed negotiations and awarded a contract to Citibank for the particular elements of EBT service that it wants to implement. The remaining SAS states are currently negotiating similar contracts with Citibank.

In addition, the Task Force has also helped other states and state coalitions to develop and implement EBT systems. For example, a coalition of western states requested a grant to explore expanding a health-related program to include delivery of benefits through EBT while a northeast coalition of states used the SAS IEI as a model for its solicitation for an EBT service provider. Contract support is a key element of this continuing work. Table III.1 describes each of the Task Force's contracts and how they have helped accomplish its objectives.³

³The Task Force's Director of System Design and Development described the work performed under each contract. We have summarized these descriptions, validated them against the contracts' statements of work, and used these summaries as the basis for this section of the report.

Table III.1: Work Performed and Key Deliverables of Contracts and Task Orders for the EBT Task Force

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>Phoenix Planning & Evaluation</p> <p>Technical and Cost Feasibility Study of Alternative EBT System Models</p> <p>Award date: December 3, 1993</p> <p>Award amount: \$599,492</p> <p>Amount disbursed: \$598,691</p> <p>Completion date: August 1994</p> <p>Task Force objectives addressed: (1), (2), (3)</p>	<p>Developed alternative models and implementation plans for the prototype EBT system. Met with representatives of groups with a stake in a nationwide EBT system, including federal agencies, state governments, private sector participants, and recipients. Also provided briefing materials and support for government briefings by the Task Force.</p>	<p>(1) <u>Draft of May 1994 report</u>: served as the blueprint for the systems development and implementation for nationwide EBT services.</p> <p>(2) <u>Cost model for national EBT operations</u>: served as the basis for all cost projections in the May 1994 report and subsequent budget projections used by the Task Force and the Office of Management and Budget.</p> <p>(3) <u>Technical feasibility assessment</u>: developed from a review of the prototype models with representatives of the private sector and recipient groups to determine the overall feasibility of a national EBT system. Input from this process was used to refine the national prototype and the policy decisions made by the Task Force for the report to the Vice President and national operations.</p>
<p>KPMG Peat Marwick (Task 5)</p> <p>Settlement Services Conceptual Design and Statement of Work</p> <p>Award date: August 31, 1994</p> <p>Award amount: \$319,143^a</p> <p>Amount disbursed: \$285,514</p> <p>Completion date: November 1994</p> <p>Task Force objectives addressed: (2)</p>	<p>Developed a standardized process for settlement service to use in a nationwide EBT system that includes multiple federal benefit programs. Settlement services are the series of financial transactions that must take place to facilitate the movement of federal funds from a government-controlled account through an EBT processor to the account of a point-of-sale entity (such as a grocery store) or a funds distributor (such as an ATM machine) to reimburse that entity for providing benefits (e.g., food or money) to approved recipients who use an EBT card to obtain their benefits. The requirement for this settlement process was one of the fundamental building blocks for a national EBT system.</p>	<p><u>Report on Settlement Services Conceptual Design and Statement of Work</u>: described the requirements for EBT settlement for federal programs using EBT and presented a draft statement of work for these requirements. Used by the EBT Task Force to develop the settlement service requirements that were incorporated into the overall statement of work for the SAS IEI.</p>
<p>KPMG Peat Marwick (Task 8)</p> <p>EBT Service Provider Audit and Certification Requirements</p> <p>Award date: September 22, 1994</p> <p>Award amount: \$61,958</p> <p>Amount disbursed: \$61,953</p> <p>Completion date: January 1995</p> <p>Task Force objectives addressed: (2)</p>	<p>Developed audit and certification requirements that will be imposed on future EBT service providers. These requirements are a fundamental control to ensure that an EBT service provider complies with EBT operating rules and other EBT and banking rules and requirements.</p>	<p><u>Report on EBT Service Audit and Certification Requirements</u>: contained recommendations for a required self-certification process by an EBT service provider that would be validated through an independent audit by an outside entity. Used by the Task Force to write the self-certification and validation requirements section of the SAS IEI.</p>

ENCLOSURE III

ENCLOSURE III

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>Price Waterhouse (FMSS task 7)</p> <p>Federal EBT Task Force Executive Staff Support Services</p> <p>Award date: September 26, 1994</p> <p>Award amount: \$106,867</p> <p>Amount disbursed: \$106,867</p> <p>Completion date: November 1994</p> <p>Task Force objectives addressed: (1), (2), (3)</p>	<p>Provided support services to assist the EBT Task Force in defining the national EBT prototype system. Worked with the SAS states and the federal agencies that had a role in delivering direct federal or state-administered benefits. Held numerous sessions with five SAS focus groups to discuss what the stakeholders needed in an EBT system: (1) cost and financial management, (2) data processing system interface, (3) customer services, (4) state acquisition, and (5) audit and control. This was part of developing the EBT prototype—determining needs, developing the elements of a system to meet the needs, and then getting more information and feedback on how the stakeholders felt about the system being developed. The proposed EBT system definition was refined further with each round of meetings to make it more responsive to each stakeholder's needs until a final Master Design Document was ready for preliminary testing and evaluation by the states that would be implementing the prototype.</p>	<p>(1) <u>System Conceptual Models and Descriptions</u>: consisted of a complete series of system design and process flow diagrams for the operation of all aspects of the national EBT prototype system. Used to explain system operations to the SAS states and federal agencies. Served as the basis for developing the system's functional requirements and the SAS IEI statement of work.</p> <p>(2) <u>Functional Requirements Document</u>: provided a preliminary definition of the way the prototype EBT system would function. It was reviewed and revised by each SAS state as part of the iterative process to ensure that each state's EBT needs would be met.</p> <p>(3) <u>Master Design Document</u>: provided a final draft definition of EBT system requirements developed after intensive discussions with the SAS states. Became the first draft of a complete statement of work for the SAS IEI.</p>
<p>Price Waterhouse (FMSS Task 8)</p> <p>EBT Task Force Support Services</p> <p>Award date: December 19, 1994</p> <p>Award amount: \$423,711</p> <p>Amount disbursed: \$307,885</p> <p>Completion date: November 1995</p> <p>Task Force objectives addressed: (1), (2), (3)</p>	<p>Continued the work begun under FMSS Task 7. Provided support services to the Task Force in revising the Master Design Document to define the prototype EBT system for the SAS. Continued to meet with the SAS EBT stakeholders and refine the IEI statement of work. Also developed volume II of the IEI, which is a complete description of the benefit program needs and participants in each of the SAS states, including the number and locations of benefit offices, recipients, and benefit distribution points (e.g., banks and grocery stores). The information in volume II allowed bidders on the IEI to present accurate and complete bids without requests for extensive additional data. In addition, developed draft operating rules governing the procedures, roles, and responsibilities of various parties to the proposed national EBT system.</p>	<p>(1) <u>Final SAS Statement of Work</u>: provided a single set of functional requirements that met the requirements of all states in the SAS and federal agencies. It was the basis for the statement of work for the prototype EBT system defined in the SAS IEI.</p> <p>(2) <u>Complete SAS IEI Document</u>: assisted the Task Force to assemble the two-volume document that constituted the SAS IEI released by Treasury to solicit a financial agent/service provider for the SAS EBT system.</p> <p>(3) <u>Draft National IEI Statement of Work</u>: provided draft requirements for a nationwide EBT system. After revision by the Task Force, this document was turned over to Treasury for review.</p> <p>(4) <u>Draft EBT Operating Rules</u>: defined the rules governing the procedures, roles, and responsibilities of various participants in both the SAS and nationwide EBT systems. A draft of the rules was issued nationally in December 1994 for public exposure and comment.</p>

ENCLOSURE III

ENCLOSURE III

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>KPMG Peat Marwick (Task 10)</p> <p>Benefit Security Card Production</p> <p>Award date: January 31, 1995</p> <p>Award amount: \$111,830</p> <p>Amount disbursed: \$102,343</p> <p>Completion date: March 1996</p> <p>Task Force objectives addressed: (2)</p>	<p>In consultation with the Task Force, FCS, and FMS, designed a model "Benefit Security Card." Similar to a credit card or bank debit card, it is to be used by benefit recipients to access their federal and/or state cash benefits or obtain noncash benefits, such as food, from authorized organizations (e.g., banks and grocery stores).</p>	<p><u>Model design and a sample production of the Benefit Security Card:</u> produced a card design that was used for direct federal benefits in the SAS IEL.</p>
<p>KPMG Peat Marwick (Task 11)</p> <p>Franchise Management</p> <p>Award date: February 8, 1995</p> <p>Award amount: \$86,982</p> <p>Amount disbursed: \$86,934</p> <p>Completion date: February 1995</p> <p>Task Force objectives addressed: (2)</p>	<p>"Franchise management" describes the rules surrounding the management of the "service mark" of the National EBT card. The service mark is the unique design symbol—similar to the insignia on MasterCard or Visa credit cards—that identifies both the card and where it can be used. If a point-of-sale outlet, such as a bank or grocery store, agrees to provide benefits to EBT card holders, it must agree to the conditions associated with the card. Under this task, the contractor researched the rules associated with other service marks, analyzed the information, and advised FMS how best to manage a set of rules and service marks that would be most appropriate for the EBT system card and its service mark participants.</p>	<p><u>Report on EBT Franchise Management:</u> used by Treasury to decide how the EBT system service mark should be administered.</p> <p>The Task Force concluded from this work that the management of a service mark and the promulgation and management of associated operating rules are not inherent functions of the federal government. After discussions with appropriate private organizations, the National Automated Clearinghouse Association—a private, nonprofit association of institutions involved in such electronic transactions as credit cards—founded an EBT Council to take over the development of the service mark and its associated EBT operating rules. The Council is made up of representatives from financial institutions, electronic funds transfer organizations, states, state associations, food retailers, and retail associations. Also, federal agencies are represented by advisers from the EBT Task Force, Treasury, USDA, OMB, and SSA. In August 1995, the Task Force turned over responsibility to the Council, and forwarded documents relating to operating rules that had already been developed. The Council expects to issue final operating rules for the EBT system in early 1996.</p>

ENCLOSURE III

ENCLOSURE III

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>Price Waterhouse (FMSS Task 9)</p> <p>Management Support Services for SAS Prototype Development</p> <p>Award date: March 1, 1995</p> <p>Award amount: \$749,709</p> <p>Amount disbursed: \$238,938</p> <p>Completion date: March 1996</p> <p>Task Force objectives addressed: (1), (2), (3)</p>	<p>Provided such support services as (1) preparing amendments to the SAS IEI as needed, (2) developing the cost and technical evaluation methodologies for states' use in selecting the financial agent from the IEI offerors, (3) providing technical assistance to the states in doing these evaluations and subsequently assisting them in negotiating contracts for EBT program implementation, and (4) continuing to develop national EBT operating rules. Also responded in writing to most of the more than 500 questions from offerors during the bid preparation period. Two tasks remain that involve developing explanatory materials for private sector organizations detailing how they can become participants in the SAS EBT system.</p>	<p>(1) <u>SAS IEI Amendments</u>: provided a complete revision of the SAS IEI to incorporate amendments to facilitate evaluation of responses.</p> <p>(2) <u>SAS IEI Technical Evaluation Methodology</u>: provided a methodology for evaluating technical proposals, including the evaluation criteria documents, scoring methodology, and ratings formats. These were used for evaluating responses on the SAS IEI.</p> <p>(3) <u>Cost Evaluation Software</u>: provided states with spreadsheet software to evaluate price proposals by using the pricing evaluation methodology developed by the Task Force.</p> <p>(4) <u>Final Draft EBT Operating Rules</u>: two revisions to the draft initially issued in December 1994 were produced and issued nationally for review and comment. As stated above, they were turned over to the EBT Council for further development in August 1995.</p>
<p>Booz Allen & Hamilton (FMSS Task 17)</p> <p>National EBT Configuration Risk Assessment</p> <p>Award date: September 12, 1995</p> <p>Award amount: \$428,312</p> <p>Amount disbursed: \$41,038</p> <p>Completion date: January 1997</p> <p>Task Force objectives addressed: (2), (3)</p>	<p>Will perform risk assessments of the SAS prototype for the EBT system and the proposed national EBT system. A risk assessment identifies vulnerabilities of federal and/or state funds to fraud, waste, and abuse and identifies controls needed to reduce these risks. The risk assessment fulfills federal agencies' needs to satisfy requirements of the Federal Managers' Financial Integrity Act and responsibilities of the Inspectors General to ensure that an electronic payment system has adequate controls. States have similar needs for controls over state-administered federal funds and over state funds distributed through an EBT system. The goal of these assessments is to satisfy both federal and state internal control requirements.</p>	<p>(1) <u>Quantitative Risk Assessment Report</u>.</p> <p>(2) <u>Risk Management Plan</u>.</p> <p>(3) <u>Audit Guidelines and Compliance Requirements</u>.</p> <p>(4) <u>Risk Management Handbook</u>.</p> <p>All deliverables are expected to be used to develop requirements for operating national EBT system operations.</p>

ENCLOSURE III

ENCLOSURE III

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>Price Waterhouse (FMSS Task 24)</p> <p>Management Support Services for National EBT Development</p> <p>Award date: September 27, 1995</p> <p>Award amount: \$765,290</p> <p>Amount disbursed: \$0</p> <p>Completion date: September 1996</p> <p>Task Force objectives addressed: (1), (2), (3), (4)</p>	<p>Will continue providing support services, expanding from the SAS prototype (now essentially completed from a design standpoint) to the design of the proposed nationwide EBT system. Will provide technical assistance to the Task Force and Treasury in their efforts to assist other states beyond the SAS to explore the potential for implementing an EBT system that would become part of a national system. Also, will develop documents to accompany a national IEI that could be used by states to assist them in adapting the IEI to their specific needs. These documents will include evaluation methodologies for selecting a service provider through a request for proposal process, rather than through the IEI process.</p> <p>In addition, will assist states that already have an EBT system for state-administered benefits and want to expand their system to include direct federal benefits. To do this, the states would need to select a service provider with access to a financial institution that would be eligible to receive and disburse funds from Treasury.</p>	<p>(1) <u>National EBT services acquisition documents for use with the national IEI.</u></p> <p>(2) <u>National EBT Fees and Pricing Plan.</u></p> <p>(3) <u>National IEI systems design and operations guidance documents.</u></p>

Contract data (as of February 1996)	Work performed	Key deliverables and use
<p>Unisys</p> <p>Independent Validation and Verification (IV & V) and System Integration for the SAS Prototype EBT System</p> <p>Award date: September 29, 1995</p> <p>Award amount: \$1,317,274</p> <p>Amount disbursed to date: \$50,984</p> <p>Completion date: September 1996</p> <p>Task Force objectives addressed: (1), (3)</p>	<p>Provided overall monitoring of the service provider selected for the SAS EBT prototype (Citibank). The Task Force will use this contract to verify that the final output of Citibank matches the IEI statement of work requirements and that the EBT system as implemented will work as intended. The contractor will (1) monitor Citibank's efforts in developing and implementing the hardware, software, processes, and services that will make up the EBT system in each state, as well as the data interface between states; (2) monitor states' efforts to support EBT in their own benefit systems (e.g., change data processing to allow Citibank to send and receive information on benefit transactions); (3) produce monthly reports on its monitoring efforts for federal and state agencies; and (4) ensure that Citibank is complying with the terms of the IEI and the state contracts to implement an EBT system. The contractor will participate in and evaluate all system tests and pilot operations performed by Citibank.</p>	<p>(1) <u>Bimonthly IV & V monitoring reports</u>: reports on Citibank's progress and status in implementing the EBT system.</p> <p>(2) <u>Independent review of Citibank deliverables</u>: provide evaluation reports required under the SAS IEI; these reviews will become the bases for the bimonthly monitoring reports.</p> <p>(3) <u>Independent evaluation of all system tests</u>: perform independent validation of Citibank system tests to ensure proper successful system operation.</p> <p>(4) <u>EBT system integration</u>: provide a system integration testing plan (to ensure successful integration of data processing and communication systems among the states) and report on the results of each state's system integration testing.</p> <p>(5) <u>Independent Evaluation of State Pilot Operations</u>: evaluate pilot EBT operations in each SAS state and provide bimonthly reports throughout the pilot.</p> <p>All reports will be provided to the appropriate state and federal agencies.</p>

^aFCS funded this task order from two accounts: \$82,020 from one account representing its own share of the work and \$237,123 from another account representing the Task Force's share of the work. Although this contract effort was directed by FMS, FCS contributed the funding and awarded the task order by using its own procurement resources as part of the interagency effort for developing EBT. FCS provided the funding because the settlement services being developed were specifically needed to accommodate the needs of the Food Stamp Program--a noncash benefit that does not fit into cash settlement services that currently exist in the financial industry.

WESTERN GOVERNORS' ASSOCIATION GRANT

In addition to the contracts and task orders, the Task Force provided funds for a grant to the Western Governors' Association (WGA) to further its objectives to establish partnerships with states and enhance EBT services by examining new and developing technologies. The grant funded additional work on an existing WGA effort, known as the "Health Passport" project that recently became operational in about a dozen western states. Originally sponsored by HHS' Public Health Service, the project involves putting automated patient data on a plastic card with a computer chip. This card allows patients receiving state-provided health care, such as Medicaid and Women, Infants, and Children (WIC) food assistance, to receive health care at

various locations without transferring patient records. According to Task Force officials, several other agencies, including FCS and the Department of Defense, have contributed funds to this project.

The Task Force did not seek out this project specifically for funding but had discussed various EBT initiatives with several western states. It offered the states technical assistance to help them start developing EBT systems. As a result of those discussions and a recommendation in an earlier study of the Health Passport card that it be integrated into an EBT system, WGA approached the Task Force with the idea of sponsoring EBT work under the Health Passport project. The states had conducted a feasibility assessment and found that the card would be more cost-effective if combined with other benefit programs. Some of the recipients of federally-funded benefits, such as food stamps and AFDC, were the same "crossover" population (receiving benefits from multiple programs) that would use the Health Passport card for health care, thus making it a reasonable candidate for further development and support from the EBT Task Force.

At the same time, the Task Force was interested in looking at new technologies that could potentially improve delivery of benefits through EBT. The card designed for the SAS contained a magnetic strip rather than a computer chip. The Task Force wanted to test the feasibility of administering a system that combined the two concepts on a single card--or creating a hybrid card that could work for both programs. In addition, the WGA proposal was attractive because it would benefit a number of states that were in various stages of EBT development. According to Task Force officials, it would have been much more difficult and expensive to help each of them independently .

WGA elected to carry out the terms of the Task Force grant by awarding a contract. The Task Force approved this approach and assisted the WGA in writing a request for proposals for the work. A fixed-price competitive contract for \$642,000 was awarded to Phoenix Planning and Evaluation on December 12, 1995. WGA staff will manage the contract. Funds from the Task Force grant will be used for both the costs of the contract and the costs for its management and administration. All funds provided by the Task Force have been obligated by the grant award to WGA.

EBT ACTIVITIES OF THE PARTICIPATING AGENCIES

Each of the agencies that participates in the Task Force is conducting EBT activities that predate the creation of the Task Force. While the Task Force will address the agencies' common goal of creating an architecture to integrate and deploy EBT activities nationally, each agency continues to conduct activities to promote and/or establish the electronic transfer of its benefit payments, which are provided directly or through the states. For FCS, this means assisting states in establishing EBT systems for delivering food stamp benefits. In addition, HHS continues to review the state grant applications required for automated delivery of Aid to Families With Dependent Children and other benefits. Furthermore, FMS is working to convert all direct, federal benefit payments to electronic delivery, whether or not recipients have bank accounts. Finally, SSA is working toward having all its benefit recipients accept electronic transfer of benefit payments.

FCS

FCS has a goal of converting all food stamp benefits to electronic delivery and eliminating paper stamps nationwide by the turn of the century. In pursuit of that goal, the agency hopes to have all states at least in the planning phase of a food stamp EBT system and to have 25 percent of food stamp benefits actually delivered through EBT by December 1996. FCS has worked closely with the Task Force to ensure that any EBT system it develops will be able to deliver its food assistance benefits. In addition, FCS independently assists states that are working with the Task Force as well as those that are designing and implementing their own EBT systems. The EBT concept in the Food Stamp Program has been under development since 1982. Currently, 52 out of 54 states and territories are planning EBT systems for food stamps, and 13 have operational EBT systems of some type. Four states--Maryland, Texas, South Carolina, and New Mexico--now have EBT systems that deliver state-funded assistance and/or food stamp benefits statewide.

FCS provides technical assistance to states in setting up their EBT systems. It also performs verifications of these food stamp EBT systems before they become operational to ensure that they will deliver benefits as required. FCS' responsibilities in this area are to (1) review and approve the EBT system prior to authorizing payment of federal funds through the system, (2) approve the state's request for procurement for the contract to operate the system, and (3) approve the actual contract after a service provider has been selected.

According to the Director of the Food Stamp Program Development Division, while FCS does not certify these state systems, it will not allow a state to begin delivering benefits through the system until agency officials are satisfied that it will work

properly. The states must provide the "script" for testing the system, i.e., demonstrate that the system will do what it is supposed to do. FCS uses a contractor for the technical system tests, with FCS staff providing oversight. The testing process is now standardized and takes about a week. Although a Task Force contractor will test the prototype EBT system being implemented in SAS to ensure that it operates properly, FCS will still need to do its own testing before allowing the system to begin food stamp operations. The Program Development Division Director said that if the Task Force's testing proves to be sufficiently similar to USDA's requirement, however, the agency may decide to "piggyback" on that effort in the future to avoid duplication.

HHS

Benefits for 3 of the 22 assistance programs within HHS' Administration for Children and Families (ACF) may be delivered through EBT systems. Of the three, Aid to Families With Dependent Children (AFDC), accounts for the majority of the HHS funds (\$22.8 billion) that could become part of an EBT system. The \$400 million Refugee Assistance Program¹ and the \$10 billion Child Support Enforcement Program² would be included only to a small extent. ACF personnel have worked closely with the EBT Task Force as it has structured the SAS IEI and developed the requirements for a nationwide IEI to ensure that those systems meet HHS requirements for delivering AFDC and other ACF benefits.

ACF also works with states that are developing their own EBT systems, often in conjunction with USDA (state systems frequently incorporate both food assistance and AFDC benefits). ACF provides part of the funding for the states' development and operation of AFDC automated systems, including EBT systems. HHS has established guidelines for approving and operating EBT systems as part of its requirement to review and approve the advance planning documents that must be submitted by a state prior to implementing any automated system to deliver

¹Under the Refugee Assistance Program, the federal government provides cash assistance, medical assistance, administrative costs, social services, and targeted assistance to refugees to help them become employed and economically self-sufficient. Some of these program benefits could be delivered through an EBT system to refugees without access to bank accounts.

²The Child Support Enforcement Program is a federal and state partnership promoting family self-sufficiency by securing regular and timely child support payments. State programs locate parents, establish and enforce support orders, and collect payments. Payments may then be delivered to custodial parents through the federal EBT system.

federally-funded benefits. The advance planning document describes how the computer system will work and how much it will cost. Approval of this document gives ACF greater oversight over the states. Such oversight is justifiable, according to the ACF State System Approvals Division Director, because the setup of such an automated system is a significantly greater investment for the state than a traditional paper-based system. This review and approval process occurs for any automated system that a state wants to implement for certain programs funded through ACF. It is not unique to an EBT system, nor is it unique to AFDC.

After the advance planning documents have been approved, ACF personnel review the state's request for proposal that will solicit an EBT service provider and also review the resulting contracts. To ensure that the state designs an EBT system that will satisfy the requirements of the AFDC program, ACF personnel provide some technical assistance and review the proposed system to make sure that it will work. However, HHS personnel do not test and approve the system after installation before allowing the state to begin operation, as does USDA. ACF also reviews and approves the state's EBT system again whenever major changes occur and when existing contracts expire and are to be rebid.

FMS

FMS has been working for many years to convert its payments of direct federal benefits (those that are disbursed directly from the federal treasury to the recipient) to electronic funds transfers. Its goal is to achieve 100-percent electronic funds transfers for all direct federal benefits by 2002. While direct deposit to recipients' bank accounts is the preferred mechanism of transferring these funds to recipients, there will always be a portion of the population that does not have bank accounts. FMS works with the agencies that provide these benefits to develop EBT systems that will deliver the benefits electronically to unbanked recipients. FMS will ensure that all direct federal benefits (possibly from more than one program or agency) to a single recipient can be delivered through the same EBT system.

The independent EBT efforts of FMS include designing financial "products" that will accommodate electronic payments to unbanked recipients, developing marketing strategies to encourage these recipients to accept their benefits through an EBT system, and changing policies and/or regulations as needed to accommodate EBT delivery of direct federal benefits. FMS has responsibility for developing acquisition documents, such as an IEI, and subsequently selecting a service provider for any EBT system that delivers direct federal benefits. FMS carries out these efforts in cooperation with the federal agency or agencies whose benefits will be delivered through EBT systems. In particular, FMS has worked with SSA to develop and implement several EBT pilot projects in individual states since 1988. Other direct

federal benefits that could be delivered through EBT systems include (1) civil service retirements, (2) black lung benefits, (3) veterans' compensation and benefits, and (4) railroad retirement benefits.

Because the EBT financial products may not be mandatory for recipients (e.g., Social Security recipients currently can choose whether to accept payments electronically or continue receiving their benefits through paper checks), FMS sets up marketing programs to encourage more widespread acceptance and use of electronic benefits transfers. In addition, FMS is responsible for writing and processing changes to regulations or other policy that may be needed to facilitate EBT systems for direct federal benefits.

FMS is working with the EBT Task Force to develop and implement a nationwide EBT system that will accommodate both direct federal benefits and state-administered benefits that originate from agencies such as ACF. In an April 1994 memorandum of understanding among the EBT Task Force principals, FMS was given lead responsibility for managing the federal government's financial operations associated with EBT. This includes acquiring the services and managing the major federal vendor service contracts that will be needed to support implementation of this nationwide system. Other specific Treasury functions are to (1) develop a federal net and commercial settlement service, (2) develop an EBT service vendor audit and certification requirement, and (3) acquire the services of financial agents to provide EBT services.

SSA

Since 1988, SSA has worked with FMS to explore EBT options for delivering SSA's direct federal benefits. Direct deposit of benefits for recipients who have bank accounts is the cheapest (and therefore preferred) method of delivering Social Security benefits, according to agency officials. However, about 6 million of the 44 million Social Security beneficiaries do not have bank accounts. This is SSA's target audience for an EBT system, and its EBT efforts are focused on promoting the use of EBT to receive benefits among unbanked recipients. Because the EBT Task Force has the overall responsibility for developing a nationwide EBT system that will include direct federal benefits, SSA is working closely with this group. Unlike FCS and ACF, however, SSA does not have a separate agenda of assisting in the development, implementation, and/or approval of EBT systems at the state level.

ADDITIONAL INFORMATION ON CERTAIN ISSUES
RELATING TO THE EBT TASK FORCE

As requested, the following sections provide information on four specific issues relating to the Task Force. They include (1) a discussion of the task order contracts used by the Task Force, (2) a list of the number of employees detailed to the Task Force executive staff and their starting and departure dates, (3) an analysis of the small purchases and administrative expenses paid by the Task Force in fiscal years 1994 and 1995, and (4) a list of the participants in a 1994 national conference on EBT systems.

TASK ORDER CONTRACTS

Ten of the 11 contracts and task orders used by the Task Force since its inception were awarded as task orders under three existing task order contracts originally established by the Department of the Treasury or the General Services Administration (GSA). These three competitively awarded contracts were set up to provide (1) financial management support services, (2) information processing support services, and (3) commercial software for primary financial management (accounting) systems and support services related to their implementation.

Task Order Contracts

According to the Federal Acquisition Regulation, a task order contract is an indefinite delivery contract used to acquire services when the exact times and/or exact quantities of future deliveries are not known at the time the contract is awarded. A task order contract does not initially specify a firm quantity of services to be acquired but establishes a contract period during which the agency agrees to order at least a minimum amount and the contractor agrees to furnish up to a maximum amount of services, both amounts being defined in the contract. The agency then acquires specific services during the period of the contract by writing task orders. Used when the same services are needed on a recurring basis, a task order contract expedites future contracting actions by performing the initial steps in the contractor selection process before a particular service is needed.

An agency may award a task order contract to a single contractor or to multiple contractors. With regard to multiple-award contracts, which is the type used by the EBT Task Force, an agency issues a solicitation containing a description of the general scope, nature, complexity, and purpose of the services to be acquired; the contract period, including options; the minimum and maximum quantity or total dollar value of the services; and the procedures for issuing and awarding task orders. Prospective contractors submit proposals in response to this broad solicitation. The

agency then evaluates the proposals and selects qualified contractors to form a pool. Later, when services are needed, the agency provides this pool of contractors with information about the assignment (a task order) and solicits responses. The agency evaluates the responses, selects a contractor, and awards the task order.¹ The contracting officer is responsible for ensuring that the task orders are within the scope, period, and maximum value of the contract.

FMS Contract for Financial Management and Federal Information Processing Support Services

In March 1994, FMS awarded a task order contract to provide financial management support services in four broad categories: (1) financial research and analysis, (2) financial training and education, (3) financial market research and promotion, and (4) related financial information processing support for financial services.² It selected five firms: American Management Systems, Inc.; Booz Allen & Hamilton; Price Waterhouse; Andersen Consulting; and Coopers & Lybrand. The basic contract period extended through September 30, 1994, with four 1-year options. The minimum contract amount is \$5,000 per contractor (i.e., the government agrees to provide the contractor with at least \$5,000 in task order work during the life of the task order contract) with a maximum value of \$26 million for all contractors over the life of the contract. Individual tasks cannot exceed \$1 million. As of the end of fiscal year 1995, FMS had awarded 27 task orders under this contract for a total of \$6.2 million. According to the FMS contracting officer, the contract may be used by any part of the Treasury. It has been used by the Internal Revenue Service and the Office of the Inspector General as well as by FMS.³

Because FMS provides procurement services to the EBT Task Force, it has been allowed to award task orders against this task order contract. Five of the Task

¹The terms of specific multiple award task order contracts entered into prior to October 1, 1995, govern whether task orders under them are awarded competitively or not. For multiple award task order contracts entered into on or after that date, the Federal Acquisition Streamlining Act of 1994 generally requires that each contractor be given a "fair opportunity to be considered" for each task or delivery order.

²This task order contract allows the contracting officer to determine whether or not the task orders should be competed among the five selected contractors. Three of the five tasks for the EBT Task Force were awarded noncompetitively.

³Tasks associated with this task order contract are identified in table II.2 with the abbreviation "FMSS."

Force's 10 task orders were awarded to contractors under this contract. Price Waterhouse was selected for four of these tasks---one in fiscal year 1994 for \$106,867 and three in fiscal year 1995 totaling about \$1.9 million. Booz Allen & Hamilton was awarded one task order in fiscal year 1995 for \$428,312.

Treasury Information Processing Support Services Contract

The Task Force also had work performed under the task order contract for Treasury Information Processing Support Services (TIPSS), which was established by the Internal Revenue Service. This contract provides sources of information processing support services for the Treasury, Internal Revenue Service, and other Treasury bureaus. The contractors under this contract can all provide support services in the "foundation task area" of information systems services. They may also provide support in one or more of six specialized task areas: information engineering services, telecommunications and security services, technical financial services, federal information processing acquisition services, socio-technical services, and imaging services. The 14 contractors in the pool for this task order contract are the following:

- Andersen Consulting,
- Booz Allen & Hamilton,
- Computer Sciences Corporation,
- CTA Incorporated,
- Dynamic Research Corporation,
- DynCorp,
- Information Management Consultants, Inc.,
- Logicon Eagle Technology,
- Management Systems Designers, Inc.,
- Northrup-Grumman Technical Services, Inc.,
- Science Applications International, Corp.,
- SRA Corporation,
- Unisys Corporation, and
- Vector Research, Inc.

The EBT Task Force's task order is with Unisys Corporation for \$1,317,274. The contractor will perform independent validation and verification tasks for the information system and software developed and installed by Citibank to implement the SAS EBT system. (See table III.1 for a detailed description of the work to be performed under this task.)

GSA Contract for Financial Management Systems Software

KPMG Peat Marwick performed work that directly benefitted the Task Force under a multiple award contract for financial management systems software that was established by GSA in 1991 with a termination date of September 30, 1994.⁴ This task order contract allowed federal agencies to purchase commercial software for primary financial management (accounting) systems and support services related to its implementation. These accounting systems were to include five functional areas, referred to as the core financial system, based on uniform requirements that implement the U.S. Government Standard General Ledger, the General Accounting Office's Policy and Procedures Manual for Guidance of Federal Agencies, the Treasury Financial Manual, and applicable OMB circulars.

Only firms possessing accounting system software that implemented the core financial system referred to in the GSA task order solicitation could qualify for an award under GSA's task order solicitation. According to the GSA contracting officer, GSA tested the software offered by each firm and, if the software passed the test, the firm was selected for award. Technical support services were available under this contract but were limited to (1) data conversion required to modify or reformat an agency's existing financial data to implement the software; (2) actions necessary to adapt the software to enable it to be implemented in an agency's environment; (3) actions necessary to assist an agency in installing the software; and (4) specifying, developing, and implementing bridge software to convert an agency's records to the new accounting system. Task orders under the contract were to be awarded by contracting officers in user agencies, not by GSA.

The following nine firms were selected for awards under this task order contract and included in the contractor pool:

- American Management Systems, Inc.,
- Computer Data Systems, Inc.,
- Digital Systems Group, Inc.,
- ICF Information Technology, Inc.,
- KPMG Peat Marwick,
- Oracle Corporation,
- Orion Microsystems, Inc.,
- Systems & Design, Inc., and

⁴According to the GSA contracting officer, the KPMG Peat Marwick contract was extended to September 30, 1995, with work contracted before that date allowed to continue through the end of fiscal year 1996.

-- Walker Interactive Systems.

Under this contract, USDA awarded four task orders, totaling about \$500,000, to KPMG Peat Marwick to assist the Task Force in designing and producing prototype plastic "Benefit Security" cards and to assist FMS in (1) developing a conceptual design for EBT settlement services, (2) developing audit and certification requirements for inclusion in EBT contracts for service providers, and (3) researching rules associated with service marks and advising the Task Force and FMS about how the Benefit Service Card service mark could be managed.

EMPLOYEES DETAILED TO THE TASK FORCE'S EXECUTIVE STAFF

Table V.1 shows the number of personnel who have been detailed to the Task Force's executive staff since it was created and their home agencies.

Table V.1: Task Force Detailees, October 1993 to Present

	Home agency	Date of arrival	Date of departure
Employee 1	FCS	October 1993	February 1996
Employee 2	FCS	October 1993	^a
Employee 3	FCS	October 1993	February 1995
Employee 4	FCS	March 1994 ^a	^a
Employee 5	FCS	March 1995	March 1995
Employee 6	FCS	April 1995	September 1995
Employee 7	HHS	January 1994	April 1994
Employee 8	HHS	January 1994	October 1994
Employee 9	HHS	June 1994	^a
Employee 10	HHS	November 1994	^a
Employee 11	HHS	September 1994	^a
Employee 12	HHS	October 1994	^a
Employee 13	SSA	May 1994	September 1995
Employee 14	FMS	January 1994	March 1996
Employee 15	FMS	July 1994	June 1995
Employee 16	FMS	October 1994	^a
Employee 17	FMS	July 1994	November 1995

^aThese employees are currently detailed to the Task Force.

**SUMMARY OF SMALL PURCHASES AND ADMINISTRATIVE EXPENSES
INCURRED BY THE TASK FORCE, FISCAL YEARS 1994-95**

Since it began operations in November 1993, the Task Force has paid for virtually all of its small purchases and administrative expenses from its account at USDA. The expenditures from this account are tracked through FCS' Funds Control System. Table V.2 shows, by document type, how these funds were spent. Table V.3 provides detailed information on the largest expenditure category--small purchases.

Table V.2: Obligations From USDA's Task Force Account for Small Purchases and Administrative Expenses, Fiscal Years 1994-95

Document type and code definition	Fiscal year 1994	Fiscal year 1995	Total
Miscellaneous payments/adjustments	\$ 13,071.24	\$ 33,975.79	\$ 47,047.03
AD202 - Travel authorization		674.16	674.16
AD616T - Travel vouchers	21,491.38	58,207.86	79,699.24
AD838 - Small purchases	100,093.89	134,779.66	234,873.55
GVTS - Airline tickets	20,842.00	74,751.15	95,593.15
"Multi" - Travel vouchers + airline tickets	3,145.93	11,624.52	14,770.45
SF1164 - Imprest fund (local travel, etc.)	13,524.45	20,375.66	33,900.11
TRAIN - Training	75.00	478.00	553.00
Total	\$172,243.89	\$334,866.80	\$507,110.69

Table V.3: Small Purchases Obligated From USDA's Task Force Account, Fiscal Years 1994-95

Type of purchase	Fiscal year 1994	Fiscal year 1995	Total
Computers, printers, and software	\$ 67,835.60	\$ 87,538.06	\$155,373.66
Office equipment and furniture	29,313.23	15,425.00	44,738.23
Meeting expenses		18,100.91	18,100.91
Other	3,227.97	15,024.24	18,252.21
Deobligations and reversals	(282.91)	(1308.55)	(1,591.46)
Total	\$100,093.89	\$134,779.66	\$234,873.55

1994 NATIONAL EBT CONFERENCE

On August 3-5, 1994, a national conference on electronic benefits transfer was held in Arlington, Virginia. Although FCS organized and sponsored this conference, the Task Force participated in many of the presentations and workshops given during the conference. The following lists summarize the nearly 500 attendees representing

11 federal departments or agencies; all states except Nevada; 15 different county, city, Indian tribe, and U.S. territorial governments; and 26 private organizations.⁵

Federal Departments and Agencies

U.S. Department of Agriculture

- Food and Nutrition Service (now Food and Consumer Service)
 - Food Stamp Program
 - Women, Infants, and Children
 - Grants Management
 - Information Resources Management Division
 - Compliance Branch
 - Office of Audit and Evaluation
 - Office of Budget and Program Analysis
 - Office of Public Affairs
- Office of Inspector General

Department of Health and Human Services

- Administration for Children and Families
 - Office of Child Support Enforcement
 - Office of Financial Management
 - Office of Policy and Evaluation
- Office of Inspector General

Financial Management Service

Social Security Administration

Department of Interior

Federal Reserve Bank of Richmond

Office of Management and Budget

Southern Alliance of States

U.S. Postal Service

Secret Service

U.S. General Accounting Office

County, City, Indian Tribe, and U.S. Territorial Governments

San Diego County, California

San Bernardino County, California

⁵According to FCS, this was a federal and state meeting where private sector groups were invited as speakers for particular workshops but were not allowed to attend the general sessions or the workshops when they were not speaking.

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Tulare County, California
Ramsey County, Minnesota
Hennipin County, Minnesota
Camden County, New Jersey
Montgomery County, Ohio
District of Columbia
Los Angeles, California
New York, New York
Navaho Nation
Pueblo of Zuni
Guam
Puerto Rico
U.S. Virgin Islands

Private Organizations

Abt Associates, Inc.
Albertson's, Inc
American Public Welfare Association
Business Research Bureau
Cash Station
Center on Social Welfare Policy & Law
Chase Manhattan Bank
Citibank
Deluxe Data
Electronic Funds Transfer Association
Envoy
Fleming Co.
Food Management Institute
Food Research Action Center
GTECH/Transactive Corp.
KPMG Peat Marwick
National Association of State Auditors, Comptrollers, and Treasurers
National Processing Company
National Association of State Treasurers
Ogden Government Services
Pulse Network
Rockingbaum Community Action

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Sloane Companies
Super Pride
TransFirst
Winn-Dixie Stores, Inc.

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